

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
CONNECTICUT AGRICULTURAL EXPERIMENT STATION  
FISCAL YEARS ENDED JUNE 30, 2020 AND 2021*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

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October 5, 2022

**EXECUTIVE SUMMARY**

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Connecticut Agricultural Experiment Station for the fiscal years ended June 30, 2020 and 2021. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, and policies; and a need for improvement in practices and procedures that warrant the attention of management. The significant findings and recommendations are presented below:

<a href="#"><u>Page 7</u></a>	The station continues to utilize paper-based timesheets rather than the electronic Core-CT timesheet process. The Connecticut Agricultural Experiment Station should implement the Core-CT Employee Self-Service electronic timesheet process to gain time and monitoring efficiencies. (Recommendation 1)
<a href="#"><u>Page 8</u></a>	The Experiment Station Associates, Inc. did not have a periodic audit conducted by a certified public accounting firm as statutorily required. The Connecticut Agricultural Experiment Station should ensure its affiliated foundations comply with Section 4-37f subsection (8) of the General Statutes. (Recommendation 2)
<a href="#"><u>Page 9</u></a>	The station did not conduct an annual physical inventory of its software library at its satellite offices and did not maintain a complete software inventory listing. The Connecticut Agricultural Experiment Station should improve its internal controls and comply with the State Property Control Manual. (Recommendation 3)
<a href="#"><u>Page 10</u></a>	The station had not published the 2020 annual report of feed analysis results as of our review on May 10, 2022. The Connecticut Agricultural Experiment Station should annually publish the results of feed analysis in accordance with Section 22-118u of the General Statutes or seek legislation to modify the existing requirement. (Recommendation 4)

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

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Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

CLARK J. CHAPIN

October 5, 2022

### **AUDITORS' REPORT CONNECTICUT AGRICULTURAL EXPERIMENT STATION FISCAL YEARS ENDED JUNE 30, 2020 AND 2021**

We have audited certain operations of the Connecticut Agricultural Experiment Station in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2020 and 2021. The objectives of our audit were to evaluate the:

1. Station's internal controls over significant management and financial functions;
2. Station's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. Our testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent non-compliance with laws, regulations, contracts and grant agreements, policies, and procedures; and
3. A need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Connecticut Agricultural Experiment Station.

## COMMENTS

### FOREWORD

The Connecticut Agricultural Experiment Station, established in 1875, is the oldest agricultural experiment station in the United States. The station's principal function is basic and developmental plant science research directed toward the agricultural problems of the state. The station also analyzes milk, feed and fertilizer, foods, and cosmetics. It is responsible for the control of insects and diseases that are capable of damaging plants of economic importance and contagious diseases among honeybees. The agricultural experiment station conducts its research in four locations: the main campus in New Haven, Valley Laboratory in Windsor, Lockwood Farm in Hamden, and Griswold Research Center in Griswold.

The station operates primarily under the provisions of Title 22, Chapters 426, 427a and 428a, of the General Statutes, and has authority and responsibilities under Title 21a, Chapter 418; Title 22, Chapter 430; Title 22a, Chapter 441; and Title 23, Chapter 451. In accordance with Section 22-79 of the General Statutes, the Connecticut Agricultural Experiment Station is within the Department of Agriculture for administrative purposes only.

Dr. Theodore G. Andreadis served as director from October 2013 until his retirement on April 1, 2020, when Dr. Jason C. White was appointed as director.

### Members of the Board of Control

In accordance with Section 22-79 of the General Statutes, the experiment station management is vested in an eight member Board of Control. Members of the board as of June 30, 2021, were as follows:

Dr. Frederick M. Cohen

Bryan P. Hurlburt, Commissioner of Agriculture  
Dr. Erol Fikrig  
Terry Jones  
Joan Nichols  
Dr. Michael Patrick O'Neill  
Governor Ned Lamont, ex officio (Designee Patti J. Maroney)  
Dr. Jason C. White, ex officio

Paul C. Larson, Dr. Dana Royer, and former Director, Dr. Theodore G. Andreadis also served on the board during the audited period.

## **RÉSUMÉ OF OPERATIONS**

### **General Fund**

General Fund receipts totaled \$10,278 and \$15,949 for the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$10,767 for the fiscal year ended June 30, 2019. The receipts were primarily due to rental income from an employee-occupied apartment at the main campus. The increase in the 2020-2021 fiscal year was due to the sale of surplus property by the Department of Administrative Services.

Net General Fund expenditures totaled \$7,099,014 and \$7,503,824 for the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$7,107,797 for the fiscal year ended June 30, 2019. A summary of these expenditures is presented below:

	Fiscal Year		
	2018 - 2019	2019 - 2020	2020 - 2021
Personal Services	\$6,038,347	\$6,112,024	\$6,370,650
Contractual Services and Other Expenses	1,069,450	986,990	1,133,174
<b>Total Expenditures</b>	<b>\$7,107,797</b>	<b>\$7,099,014</b>	<b>\$7,503,824</b>

Personal services increased by approximately 5% from the 2018-2019 fiscal year to the 2020-2021 fiscal year. The increases were due to the hiring of staff and collectively bargained merit bonuses and lump-sum payments. Contractual services and other expenses decreased approximately 8% from the 2018-2019 fiscal year to the 2019-2020 fiscal year and increased by approximately 15% from the 2019-2020 fiscal year to the 2020-2021 fiscal year. The decrease in the 2019-2020 fiscal year was mainly attributed to a reduction in operating costs due to the COVID-19 pandemic. The return to normal operations attributed to the overall increase in the 2020-2021 fiscal year, as well as additional laboratory equipment and supplies, maintenance repairs, and utility costs.

### **Federal and Other Restricted Accounts Fund**

Federal and Other Restricted Accounts Fund receipts totaled \$5,722,386 and \$6,026,018 for the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$5,087,346 for the fiscal year ended June 30, 2019. The receipts consisted primarily of restricted federal grants for the station's current and future scientific research projects.

Federal and Other Restricted Accounts expenditures totaled \$5,348,482 and \$5,799,104 for the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$5,337,429 for the fiscal year ended June 30, 2019. A summary of these expenditures is presented below:

	Fiscal Year		
	2018 - 2019	2019 - 2020	2020 - 2021
Personal Services	\$3,466,676	\$3,623,011	\$4,498,848
Contractual Services and Other Expenses	931,995	837,022	814,318
Indirect Overhead – Federal and Other Projects	268,986	610,004	135,420
Grant Transfers	166,770	261,225	291,002
Capital Outlays	503,002	17,220	59,516
<b>Total Expenditures</b>	<b>\$5,337,429</b>	<b>\$5,348,482</b>	<b>\$5,799,104</b>

Federal and Other Restricted Accounts Fund personal service expenditures increased approximately 5% during the 2019-2020 fiscal year, and 24% during the 2020-2021 fiscal year due to the hiring of post-doctoral research staff, and contracted merit bonuses and lump-sum payments. Contractual services and other expenses decreased approximately 10% during the 2019-2020 fiscal year and 3% during the 2020-2021 fiscal year due to lower operational costs and travel related expenses as a result of the COVID-19 pandemic. Indirect overhead costs fluctuate depending on when scientific research grant expenses are incurred and reimbursed. Costs increased during the 2019-2020 fiscal year by approximately 127% and decreased by approximately 78% during the 2020-2021 fiscal year. Formal sub-award agreements awarded to the station provide for pass-through amounts to be distributed to sub-recipients. Grant transfers to sub-recipients increased approximately 57% during the 2019-2020 fiscal year and 11% during the 2020-2021 fiscal year. Capital outlays fluctuate as a result of funding and equipment needs. These costs decreased by approximately 97% in the 2019-2020 fiscal year and increased by approximately 246% in the 2020-2021 fiscal year due to start up equipment for new scientific staff.

### **Capital Equipment Purchase Fund**

Capital Equipment Purchase Fund expenditures totaled \$103,461 and \$530,919 for the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$666,093 for the fiscal year ended June 30, 2019. The \$427,458 increase from the 2019-2020 fiscal year to the 2020-2021 fiscal year was primarily due to the purchase of a TSQ 9000 mass spectrometer and other laboratory equipment for new staff.

### **Fiduciary Funds**

#### *Development and Research Support Funds*

The Connecticut Agricultural Experiment Station Board of Control administers fiduciary funds that support the station’s research and development activities. The funds include trustee and fiduciary research funds. The funds are subject to an annual audit by an independent public

accounting firm in accordance with generally accepted accounting principles (GAAP) and auditing standards. We relied on the financial audit of the fiduciary funds' investment activity for the fiscal years ended June 30, 2020 and 2021, after having satisfied ourselves as to the firm's professional reputation, qualifications, and independence.

Trustee funds' total net assets were \$18,155,430 and \$22,825,659 for the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$18,045,253 for the fiscal year ended June 30, 2019. Fiduciary Research funds' combined assets totaled \$2,576,407 and \$3,306,789 for the fiscal years ended June 30, 2020 and 2021, respectively, compared to \$2,532,696 for the fiscal year ended June 30, 2019.

### **Experiment Station Associates, Inc.**

Experiment Station Associates, Inc. is a publicly supported non-profit foundation founded in 1990. Its purpose is to educate the public and communicate the availability of scientists and testing facilities at the Connecticut Agricultural Experiment Station. Experiment Station Associates, Inc.'s participation and monetary support to the station is limited. The foundation pays for informational brochures and provides volunteers for the station's Plant Science Day and Spring Open House.

Section 4-37f subsection (8) of the General Statutes requires an audit of a foundation be performed every three years when receipts and earnings total less than two hundred fifty thousand dollars in each consecutive fiscal year. The last audit performed by an independent certified public accounting firm was for the year ended December 31, 2016, in which an unmodified opinion was issued. The foundation did not have an audit completed for the year ended December 31, 2019 as required by Section 4-37f subsection (8) of the General Statutes (See Recommendation 2 in the state auditors' findings and recommendations section of this report). In addition, the foundation submitted year-end financial statements for the years ended December 31, 2019, 2020, and 2021. Foundation total net assets were \$52,810 and \$58,533 as of December 31, 2020 and 2021, respectively, compared to \$49,547 as of December 31, 2019.

### **Connecticut Agricultural Experiment Station Research Foundation, Inc.**

The Connecticut Agricultural Experiment Station Research Foundation, Inc. was founded in June 2007 as a tax-exempt 501(c)(3) nonprofit organization. Its main purpose is to support current and future research of the Connecticut Agricultural Experiment Station scientists. The foundation provides individuals, industry associations, and philanthropic organizations the opportunity to contribute to the Connecticut Agricultural Experiment Station's research and public services.

Section 4-37f subsection (8) of the General Statutes requires an audit of a foundation be performed every three years when receipts and earnings total less than two hundred fifty thousand dollars in each consecutive fiscal year. In accordance with Section 4-37f subsection (8) of the General Statutes, an independent certified public accounting firm performed an audit of the foundation's books for the year ended December 31, 2019 and issued an unmodified opinion. In addition, the foundation submitted year-end financial statements for the years ended December 31,



2019, 2020, and 2021. Foundation total net assets were \$47,263 and \$51,363 as of December 31, 2020 and December 31, 2021, respectively, compared to \$39,238 as of December 31, 2019.

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Connecticut Agricultural Experiment Station disclosed the following four recommendations, of which one has been repeated from the previous audit:

### **Lack of Utilization of Core-CT Employee Self-Service**

*Criteria:* The Core-CT Employee Self-Service electronic timesheet processing function was established in 2003 to assist state agencies in efficiently tracking and approving time and labor. The electronic timesheet process:

- Reduces paperwork for human resources units and employees.
- Reduces payroll unit processing time as minimal data entry is required.
- Increases accuracy because the self-service system can promptly recognize and identify certain types of data entry errors.
- Displays leave accrual and compensatory time balances for the employee's convenience and automatically notifies the user if a leave balance is deficient.
- Clears employee/supervisory approvals since timesheets are pinned rather than signed.
- Allows agencies to more quickly determine whether all timesheets were submitted.
- Allows agencies to more quickly assess whether an employee needs to submit a medical certificate or FMLA documentation.
- Allows employees to access their payroll history.

*Condition:* The station continues to utilize paper-based timesheets rather than the electronic Core-CT timesheet process.

*Context:* The station had 141 and 146 employees on payroll during fiscal years 2020 and 2021, respectively. Seasonal staff make up approximately 30% of the station's workforce. One individual is responsible for data entry into Core-CT.

*Effect:* The station's use of paper-based timesheets constrains its ability to promptly and efficiently monitor employees' time and labor.

*Cause:* It appears the station delayed the migration to electronic timesheets because it encountered complications when the Core-CT Self-Service

system initially went live. Also, the station historically relied on paper-based timesheets to support certain grant expenditures, but it appears the Core-CT Self-Service system could provide the same records more efficiently.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The Connecticut Agricultural Experiment Station should implement the Core-CT Employee Self-Service electronic timesheet process to gain time and monitoring efficiencies. (See Recommendation 1.)

*Agency Response:* “The agency has begun discussions with the Department of Administrative Services to implement and transition to the CORE-CT Self-Service electronic timesheet process.”

### **Lack of Compliance with Foundation Requirements**

*Background:* The Experiment Station Associates, Inc. (Associates) is a 501(c)(3) non-profit organization established to support scientific research and education at the Connecticut Agricultural Experiment Station. The foundation’s last external audit report was issued in May 2017, for the fiscal year ending December 31, 2016.

*Criteria:* Pursuant to Section 4-37f subsection (8) of the General Statutes, the executive authority of each state agency for which a foundation is established shall ensure that foundations with receipts and earnings from investments totaling less than \$250,000 annually shall have a full audit of the books and accounts of the foundation every three years. The audit must be conducted by an independent certified public accountant in accordance with generally accepted auditing standards and be completed within six months from the applicable fiscal year end.

Article IX, Section 3 of the Associates’ bylaws requires an audit of its books and records by an independent certified public accountant (CPA) at the end of the third year in which receipts and earnings from investments are less than \$100,000 for three consecutive years.

*Condition:* The Associates did not have an external audit conducted of the foundation at least every three years as required by Section 4-37f subsection (8) of the General Statutes and its bylaws. The audit due for the fiscal year ended December 31, 2019 was not completed.

*Context:* Annual receipts and earnings from investments totaled \$11,581, \$14,378, and \$16,158 as of December 31, 2019, 2020, and 2021, respectively.

<i>Effect:</i>	There is reduced assurance that funds are properly accounted for when required audits are not conducted.
<i>Cause:</i>	It appears that this was due to the cost of the audit, along with administrative changes within the foundation.
<i>Prior Audit Finding:</i>	This finding has not been previously reported.
<i>Recommendation:</i>	The Connecticut Agricultural Experiment Station should ensure its affiliated foundations comply with Section 4-37f subsection (8) of the General Statutes. (See Recommendation 2.)
<i>Agency Response:</i>	“The Connecticut Agricultural Experiment Station (CAES) is working with the Experiment Station Associates (ESA) to comply with the statutorily required audit for the year ended December 31, 2019. The ESA did not meet during the pandemic and had difficulty attaining an auditing firm to conduct such a small audit, however the audit is in process.”

### **Inadequate Controls over Software Inventory**

<i>Criteria:</i>	The State Property Control Manual requires agencies to establish a software library (or inventories) to track and control all of their software media, licenses or end user license agreements, applicable certificates of authenticity, documentation, and related items. The manual further requires agencies to produce an annual software inventory report, subject to an annual physical inventory. Agencies must retain this information and make it available for audit.
<i>Condition:</i>	Our review of the software inventory disclosed that the station did not conduct annual physical inventories of its software library at its three satellite offices and did not maintain a complete and accurate listing of its software inventory in accordance with the State Property Control Manual.
<i>Context:</i>	Approximately 35 computers were housed at the satellite offices and thus not subject to an annual physical software inventory. Although we could not determine the total value of the station’s software due to incomplete records, it purchased \$2,850 and \$5,796 in software during fiscal years 2020 and 2021, respectively.
<i>Effect:</i>	Deficiencies in the controls over software inventory could result in noncompliance with the State Property Control Manual, inaccurate recording and reporting of software inventory, and a decreased ability to properly safeguard assets.

*Cause:* The station implemented a centralized software inventory system at its New Haven campus, but it does not account for the three satellite offices which are on different servers. Additionally, the station had inadequate internal controls over software recording and reporting.

*Prior Audit Finding:* This finding has been previously reported in the last four audit reports covering the fiscal years ended 2011 through 2019.

*Recommendation:* The Connecticut Agricultural Experiment Station should improve its internal controls over the recording and reporting of its software inventory and comply with the State Property Control Manual. (See Recommendation 3.)

*Agency Response:* “The CAES has implemented a centralized software inventory at our main research campus in New Haven and will extend the system to our satellite locations for a complete and accurate listing of all agency software.”

### **Lack of Compliance with Statutory Reporting Requirements**

*Criteria:* Section 22-118u of the General Statutes requires the director of the Connecticut Agricultural Experiment Station to publish an annual report of the results of feed analysis.

*Condition:* The station had not published the 2020 annual report of feed analysis results as of our review on May 10, 2022.

*Context:* This was the only statutory reporting requirement specific to the station, and it has been in place since 1998.

*Effect:* The 2020 annual report of feed analysis results was not available to the public in a timely manner.

*Cause:* The lack of reporting was an oversight.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The Connecticut Agricultural Experiment Station should annually publish the results of feed analysis in accordance with Section 22-118u of the General Statutes or seek legislation to modify the existing requirement. (See Recommendation 4.)

*Agency Response:* “The CAES will publish a report of the results of feed analysis on an annual basis as required by Connecticut General Statutes 22-118u.”

## RECOMMENDATIONS

### Status of Prior Audit Recommendations:

Our prior audit report on the Connecticut Agricultural Experiment Station contained one recommendation, which has been repeated with modifications during the current audit.

- The Connecticut Agricultural Experiment Station should improve its internal controls over the recording and reporting of its software inventory and comply with the State Property Control Manual. **This recommendation is being repeated. (See Recommendation 3.)**

**Current Audit Recommendations:**

- 1. The Connecticut Agricultural Experiment Station should implement the Core-CT Employee Self-Service electronic timesheet process to gain time and monitoring efficiencies.**

Comment:

Our current audit disclosed that the station continues to utilize paper-based timesheets rather than the electronic Core-CT Employee Self-Service process.

- 2. The Connecticut Agricultural Experiment Station should ensure its affiliated foundations comply with Section 4-37f subsection (8) of the General Statutes.**

Comment:

Our current audit found that the Experiment Station Associates did not have an external audit conducted every three years as required by Section 4-37f subsection (8) of the General Statutes.

- 3. The Connecticut Agricultural Experiment Station should improve its internal controls over the recording and reporting of its software inventory and comply with the State Property Control Manual.**

Comment:

Our review of the software inventory disclosed that the station did not conduct an annual physical inventory of its software library at its three satellite offices, and did not maintain a complete and accurate listing of its software inventory in accordance with the State Property Control Manual.

- 4. The Connecticut Agricultural Experiment Station should annually publish the results of feed analysis in accordance with Section 22-118u of the General Statutes or seek legislation to modify the existing requirement.**

Comment:

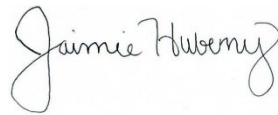
The station had not published the 2020 annual report of feed analysis results as of our review on May 10, 2022.

**ACKNOWLEDGMENTS**

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Connecticut Agricultural Experiment Station during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

George Meleounis

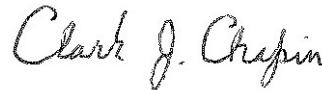


Jaimie Hubeny  
Associate Auditor

Approved:



John C. Geragosian  
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Clark J. Chapin  
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